



Building Community Wealth in Scotland

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- Individual
 Organisation

Full name or organisation's name

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We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- Yes
 No

Questionnaire

Question 1a

We are proposing a duty to advance Community Wealth Building, which form do you think this duty should take:

- Option A
- Option B
- Option C
- Other
- No Duty

Please provide a reason for your answer. In your answer please include views on:

- which bodies should be covered by the proposals
- how to best ensure accountability for implementation to the Scottish Parliament
- how to best ensure the involvement of local communities, business and the third sector in the implementation of the duty

Community wealth building requires anchor organisations to work together and, in this regard, the STUC sees value in option B. However, there is still a need for Scottish Ministers to be accountable for providing resources, powers and financial support to enable effective CWB at local level and, in this regard, we see value in Option A.

The STUC would, however, note that there has been a number of duties imposed on local authorities and public bodies, including on climate change, sustainable procurement and a Fairer Scotland, without the support needed to resource those bodies to effectively deliver them. Placing another duty on financially ravaged councils is unlikely to lead to the change needed. If Scotland is serious about CWB, this bill needs to be more than a framework bill – it needs to provide meaningful resource and power to public bodies to deliver CWB.

Question 1b

One way Scottish Government could support the implementation of the proposed Community Wealth Building duty is to provide statutory or non-statutory guidance. Would this be helpful to partners in meeting the proposed duty?

- Yes
- No
- Don't Know

Please provide a reason for your answer. In your answer please include views on:

- areas in which it would be helpful for this guidance to focus on, e.g. areas to consider when implementing the five pillars, links to further support materials

- whether the guidance should be statutory or non-statutory

Guidance would be helpful and should be statutory. Given the financial pressure public bodies are under, non-statutory guidance is unlikely to be followed as much as statutory guidance. However, guidance should be accompanied by meaningful resource to enable effective delivery. Guidance could focus on the five pillars and link to Scottish Government support as well as potential powers that public bodies could utilise to support delivery. For example with regards to the land and property pillar, the Bill could devolve powers to local government to increase revenue from land and property and the Guidance could link to this.

Question 2a

Are there other non-legislative measures that you believe are required to accelerate the implementation of the Community Wealth Building approach in Scotland?

- Yes
 No
 Don't Know

Please provide a reason for your answer.

Local government is a crucial actor in CWB, but has been underfunded for over a decade. There is a crucial need to increase funding for local government and to devolve revenue raising and other powers (legislative and otherwise) to Local Government.

Financial support for local government could be used to promote CWB in the following areas.

School Meals

As well as tackling poverty and improving educational outcomes, the roll out of free school meals provides an opportunity but to support local food and local businesses. But, currently, too many local authorities outsource their school meals to large multinational providers such as Amey and Serco. A funding stream to support Local Authorities to insource school meals should be considered.

Buses

Transport is Scotland's largest single source of GHG emissions and in order to tackle climate change we need to take back control of our buses.

Yet currently, private bus companies are able to cut routes and raise fares, with no regard for the communities that rely on them. Lothian Buses, the largest publicly owned bus company in the UK, shows a different model, where profits are recirculated in the local service, is possible.

Instead of promoting failed Bus Service Improvement Partnerships, the Scottish Government should provide financial support to Local Authorities to re-regulate our buses and establish publicly owned bus companies.

Adult Social Care

Scotland's social care system is in crisis. Despite more demand than ever, staff turnover is increasing, pay is falling relative to other low-paid sectors, and the workforce is shrinking (STUC, 2023, 'Undervalued, underpaid and leaving in droves: The crisis in Scotland's adult social care workforce').

These issues are driven in part because of a lack of investment, but they are also driven by a sector dominated by large multinational providers that extract revenue from our care sector. STUC commissioned research (STUC, 2022, 'Profiting from care') found that:

- Nearly 25% of care homes run by big providers had at least one complaint upheld against them in 2019/20, compared to 16% in the rest of the private sector and 6% in homes not run for profit.
- In older people's care homes, staffing resources are 20% worse in the private sector compared to the not-for-profit sector.
- Over the last six years, the public sector has paid on average £1.60 more per hour to care workers.
- Between 2017 and 2020, the most profitable for-profit firms spent £28 of every £100 received in fees on profits, rent, payments to the directors, and interest payments on loans. For the ten largest not-for-profit care home operators, the figure is around £3.43.

We need a National Care Service based on a not-for-profit public service, delivered through local authorities with an ongoing role for the voluntary sector. The Scottish Government should support Local Authorities to transfer care homes out of private ownership gradually over time - for instance, through a multi-year plan backed up by Scottish National Investment Bank loans, 'care bonds' or capital borrowing. For the most extractive providers, this could pay for itself within a matter of years.

A Just Transition through municipal energy and retrofitting companies

Scotland's buildings are responsible for around a fifth of our emissions while too many are in fuel poverty. Undertaken wrongly, decarbonising our homes could push costs onto tenants, increase fuel poverty and lead to work needing to be redone. Done correctly it could reduce our emissions, tackle fuel poverty, and create local supply chains and green jobs across Scotland.

The Scottish Government should provide funding to Local Authorities to establish Municipal Energy Companies which would develop, own and deliver low carbon heat and energy efficiency infrastructure and deliver area-based retrofitting programmes at local or regional level.

Question 2b

Are there specific actions required to advance delivery of the items contained within the Shared Policy Programme outlined on page 11 of the consultation paper?

- 'working within and developing procurement practices to support local economies, including Small and Medium sized Enterprises (SMEs) and micro-businesses, and improved access to training and labour markets for disadvantaged communities and individuals.
- encouraging public kitchens, including school canteens, to source more food produced by local businesses and organic producers.
- where possible, to base public sector capital and revenue funding decisions on targeted social, economic and environmental outcomes'

Yes

No

Don't Know

Please provide a reason for your answer.

With regards to procurement practices, the STUC believe that all levers should be utilised to compel employers to recognise unions and allow workplace access. This includes the establishment of a Fair Work Enforcement Unit. We also support Marcora Law inspired legislation, to give workers the ability to transition their company into employee-ownership.

We support public kitchens and school canteens sourcing local food, but believe insourcing of school meal provision is required to deliver this. A funding stream to support Local Authorities to insource school meals should be considered.

We support funding decisions being based on key social, economic and environmental outcomes, but believe that simply creating the correct measurement framework will not achieve this. Real change will require direct public intervention to reclaim control of our economy so that it is not not just left to the market.

Question 3

Are there ways in which the law could be changed to advance the spending pillar of Community Wealth Building?

Yes

No

Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement.

Although some progress has been made applying Fair Work First criteria to public spending, gaps and limitations remain. The STUC is aware of cases where employers in receipt of Scottish Government funding are engaged in anti-union behaviour. For example, despite refusing to recognise BECTU/Prospect and making workers who could have been furloughed redundant, Horsecross Arts, which runs Perth Concert Hall, applied for and received £749,900 of Scottish Government funding through Creative Scotland to help it survive and recover from the COVID-19 crisis. The STUC is also aware of Local Authorities licencing festivals where performers and events staff have not been paid.

We need all licencing, procurement, grants, funding, commissioning to be conditional on clearly and strictly defined Fair Work criteria being met – including trade union recognition, union access to workplaces and paying the rate for the job. And we need to monitor, review, evaluate, and enforce the extent to which the Scottish Government's Fair Work First approach is being applied by its public agencies, potentially through the creation of a Fair Work Enforcement Unit.

This Unit could have a role in monitoring Fair Work standards across Scottish Government, public bodies and Local Authority spending. It could use the Fair Work First Guidance, updated in March 2023, to hold employers to account. The guidance states:

“Organisations who are accessing grant funding are asked by the Scottish Government to include a short statement on their own website highlighting their commitment to advancing the Fair Work First criteria, including the real Living Wage and effective voice conditions. The statement should be agreed jointly by the employer and an appropriate workplace representative. This representative should be from the relevant trade union(s) where one or more is recognised, alternatively where there is no union recognition, it should be another appropriate workers' representative.

Alongside a Fair Work Enforcement Unit there is a crucial need for the Scottish Government, public bodies and Local Authorities to support collective bargaining coverage (recognised as crucial by the Scottish Government's National Performance Framework), through data sharing. Local Authorities and anchor institutions should be providing unions with really useful economic data and information that they can use to organise workers. Where is public money going? Where are Universities, Hospitals and other anchor institutions creating jobs? Can Local Authorities give trade unions names and addresses so that unions can send an organiser down and get these workers to join a union? Legislation which would encourage or compel this information sharing with unions should be considered.

Question 4

Employment law is reserved to the UK Parliament. Are there other devolved areas where the law could be changed to advance the workforce pillar of Community Wealth Building?

Yes

- No
- Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement. You may also wish to consider areas that the Scottish Government could work with the UK Government on if you have proposals regarding changes to the law which remain reserved to the UK Parliament. We will cross-reference to responses received as part of the Fair Work Nation consultation which was held in 2021.

While the Scottish Parliament does not have powers over employment law, it has powers over a number of devolved areas which provide the potential to advance workers' rights. For example, despite the 2019 recommendations by the Fair Work Convention, the Scottish Government have not yet implemented sectoral collective bargaining in adult social care. Legislation to establish a National Care Service (which could have positive impacts on retaining community wealth) could stipulate sectoral collective bargaining to ensure that all workers are covered by trade union negotiated terms and conditions.

Additionally, an IPPR Scotland report from 2019 outlines that a low pay level would be possible in Scotland (IPPR, 2019, 'Thinking bigger on tax in Scotland'). A local payroll tax in Scotland, aimed at increasing tax for low-pay employers, could be set to work around the current UK national insurance payroll tax system for employers. Currently, employers pay no national insurance for each of their employee's earnings between £0 and £8,632 per year. A local payroll tax, or a 'low pay levy', could be levied on employers in Scotland within this zero-rate tax band. If set at a marginal tax rate of, for example, 3.8 per cent, it could raise up to £600 million per year for local government in Scotland. If combined with a 'fair work bonus', a 100 per cent tax allowance for employers who meet fair work criteria, it could see fair work employers pay no more, if not less, than now.

Question 5

Are there ways in which the law could be changed which are not already covered in the proposals for the Land Reform Bill to advance the land and property pillar of Community Wealth Building?

- Yes
- No
- Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement.

The Scottish Government's tax-setting powers include control over the organisation and parameters of the local tax system. But our current council tax system is regressive and based on house valuations that are three decades out of date.

STUC commissioned research (STUC, 2022, 'Options for increasing taxes in Scotland to fund investment in public services') shows the potential to undertake short-term and longer-term reforms to improve the local tax system. Longer term measures that would likely require legislation include: replacing council tax with a proportionate property tax, replacing non-domestic rates with a land value tax for commercial land, introducing a local carbon emissions land tax, and introducing a progressive annual wealth tax on household assets above £1 million. USDAW have called for an online sales tax to help regenerate local high streets.

It is hard to build community wealth if you don't have a valuation of wealth. The STUC believe a valuation of all land and property in Scotland should be undertaken as a matter of priority.

Question 6

Are there ways in which the law could be changed to advance the inclusive ownership pillar of Community Wealth Building?

- Yes
- No
- Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement. You may also wish to consider areas that the Scottish Government could work with the UK Government on if you have proposals regarding changes to the law which remain reserved to the UK Parliament.

The STUC support Marcora Law inspired legislation to give workers the ability to transition their company into employee-ownership when their company is in financial difficulty.

The STUC would also highlight the crucial importance of public ownership, including of local bus networks, local energy companies and of social care (both adult social care and childcare). We would support legislation which regulated our buses, established a genuine – locally accountable – National Care Service, and established municipal energy companies and a National Infrastructure Company.

In order to be effective, this would need to be accompanied by funding streams – from central government or alternative, new revenue sources.

Question 7

Are there ways in which the law could be changed to advance the finance pillar of Community Wealth Building?

- Yes
- No
- Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement. You may also wish to consider areas that the Scottish Government could work with the UK Government on if you have proposals regarding changes to the law which remain reserved to the UK Parliament.

The acid test of whether national politicians are serious about community wealth building is whether they are prepared to fund local government and give them powers, including tax powers, to tackle corporate control.

The CWB Bill should consider what local taxes could be established, devolved or enabled. As well as the property, land and wealth taxes listed previously, this should consider tourism, environmental taxes and other taxes.